

March 18, 2003

To: Supervisor Yvonne Brathwaite Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

**PRELIMINARY REPORT – NEIGHBORHOOD PRESERVATION REDEVELOPMENT
PROJECT- CITY OF HUNTINGTON PARK (FIRST DISTRICT)**

Consistent with your Board's instruction of February 4, 1997 regarding the preparation of reports on proposed redevelopment projects by the County's cities, and pursuant to the Policies and Procedures governing the County's approach to city redevelopment activities adopted by your Board on October 8, 2002, we are advising your Board that the City of Huntington Park has sent us the Preliminary Report for the proposed Neighborhood Preservation Redevelopment Project. The Preliminary Report includes the following information:

- Map of Project Area (Attachment I)
- Physical and Economic Conditions of Blight (Attachment II)
- List of Planned Projects (Attachment III)
- Impact on County General Fund (Attachment IV)

The boundaries of the proposed project encompass approximately 914 acres, which is the remainder of the city not currently in a redevelopment project. The proposed project is intended to revitalize the area with public improvements, housing assistance, business attraction and retention programs, commercial rehabilitation programs, and development assistance.

This office conducted a preliminary analysis of the project, which included a meeting with Agency staff and their redevelopment consultant, several site visits, and an initial review of the Agency's blight findings from the Preliminary Report. Based on this preliminary analysis, this office has concerns that the proposed project does not appear to meet blighting requirements consistent with Redevelopment Law. Thus, CAO staff will work closely with County Counsel to conduct a thorough review of the Preliminary Report and project area, and will work with Agency staff to try to resolve any concerns that emerge from our review. If it is determined that our concerns cannot be resolved, it may be necessary to submit written objection to the Agency's proposal at their Public Hearing to preserve the County's rights to consider any subsequent action. The Agency has scheduled the Public Hearing to adopt the proposed redevelopment project for June 16, 2003. I will continue to keep your Board updated on this matter.

If you have any questions, please call me, or your staff may call Jerry Ramirez of my office at (213) 974-4282.

DEJ: LS
MKZ:JR:nl

Attachments

c: County Counsel
Auditor-Controller

PROJECT AREA DESCRIPTION
PHYSICAL AND ECONOMIC CONDITIONS OF BLIGHT
(From Agency's Preliminary Report)

Physical and Economic Blight Conditions:

The following is a brief summary of the physical and economic blight conditions that are described in the Agency's Preliminary Report for the Project Area:

- Occupants of about 3,156 residential buildings are at risk of exposure to concentrations of lead-based paint that affect health and safety.
- Occupants of about 1,072 residential buildings are at risk of exposure to asbestos, potentially affecting health and safety.
- 6% of buildings are in need of major rehabilitation and significant financial reinvestment.
- Improvement value for "dilapidated" residential land is between 11.6% and 28.9% lower than that for "sound" residential land.
- Deterioration on residential properties "costs" the City, County, and affected taxing agencies, \$399,884 in forgone property tax revenue annually.
- There are 159 non-conforming dwelling units.
- 4,824 dwelling units are overcrowded.
- 3,385 dwelling units are severely overcrowded.
- Improvement values on parcels with non-conforming dwelling units are between 14.7% and 20.4% lower than parcels with conforming uses.
- There is an estimated \$29.5 million in infrastructure needs.
- 70% of dwelling units are not owner-occupied.
- Absentee owners live in 13 states outside of California.
- 96% of buildings were constructed prior to building code changes in 1971.
- The average date of construction for commercial and industrial buildings is 1949.
- 36% of commercial buildings are affected by obsolescence.
- 282 parcels do not meet the City's minimum standard for lot size and/or dimensions.
- 87.4% of parcels are affected by one or more condition of physical blight.

LIST OF ESTIMATED PROGRAM COSTS

Item or Program	Amount
Public Improvements	\$29,500,000
Housing Programs*	\$120,040,000
Business Attraction and Retention Program	\$4,000,000
Commercial Rehabilitation Program	\$7,500,000
Development Assistance Program	\$6,500,000
Contingencies @ 10% Public Improvements Cost	\$2,950,000
Total Development and Housing Expenditures	\$170,490,000
Administration @ 10% Development and Housing	\$17,049,000
Total Development and Administration	\$187,539,000
Estimated Total Costs @ 3.5% Per Annum Inflation**	\$314,190,000
Financing Costs	\$61,410,000
TOTAL COSTS	\$375,600,000

*Programs funded by mandatory housing set aside

**Assumes 3.5% inflation for 15 years to adjust upward the value of future years projects.

IMPACT ON COUNTY GENERAL FUND

Limits of Plan – Added Areas

- **Incurring Debt:** 20 Years
- **Redevelopment Activities:** 30 Years
- **Limitations on Collection of Tax Increment:** 45 Years

Estimated Project Revenues

- **Assumed Annual Real Property Growth Rate:** 4%
- **2002-2003 Base Year Assessed Valuations:** \$755,756,000
- **Gross Estimated Increment (45-Year Collection):** \$600,184,000
- **Housing Set-Aside (20% Minimum):** \$120,040,000
- **County General Fund Revenue With Project:** \$73,144,000
- **County General Fund Revenue Without Project:**
\$54,524,000 -154,557,000
- **Net Difference to County General Fund:**
(\$81,413,000) - \$18,620,000
- **Net Present Value Difference to County General Fund:**
(\$26,970,000) - \$3,270,000

* Note: Estimated impact to County General Fund is based on comparing County General Fund revenue **with the proposed project**, based on the Agency estimate of growth, with County General Fund revenue **with no project**. The “no project” scenario includes a range of assumptions, from: a conservative 2% annual growth in the area to a more aggressive 4% annual growth plus construction envisioned by Agency as part of the proposed project. In other words, as the County is unable to estimate what will occur in the project area without a project, the “no project” scenario ranges from an assumption that minimal activity would occur in the area without the project (in which case the County would actually benefit from adoption of the project), to an assumption that project-related development and increased values would occur even without adoption of the project. County General Fund losses in this more aggressive scenario would be significant.